

Message Text

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INFO AEC/GERMANTOWN

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TAGS: AORG TECH IAEA

SUBJ: IAEA 17TH GENERAL CONFERENCE - MARKET SURVEY FOR NUCLEAR
POWER IN DEVELOPING COUNTRIES

1. SUMMARY: COMMENT ON MARKET SURVEY DURING DISCUSSION AT GC PT&B COMMITTEE WAS ALMOST UNANIMOUSLY FAVORABLE, AND STRESSED NEED FOR AGENCY TO CONTINUE DISCUSSIONS OF CAPITAL FINANCING WITH INTERNATIONAL LENDING INSTITUTIONS. COMMITTEE FAVORABLY REPORTED RESOLUTION COMMENDING SURVEY AND REQUESTING DG TO CONTINUE SIMILAR AND RELATED ACTIVITIES AIMED AT INTRODUCTION OF NUCLEAR POWER IN DEVELOPING COUNTRIES. END SUMMARY.

2. FINAL REPORT OF MARKET SURVEY WAS DISCUSSED IN PROGRAM, TECHNICAL AND BUDGETARY COMMITTEE FOLLOWING RATHER EXHAUSTING DEBATE ON 1974 BUDGET. 13 DELS (MOSTLY LDCS) MADE STATEMENTS ON ITEM, AND ALL AGREED THAT SURVEY WAS MAJOR AND UNIQUE ACCOMPLISHMENT HIGHLY USEFUL TO LDCS, AND THAT DG AND SURVEY STAFF TO BE HIGHLY COMMENDED FOR IT. MOST STATEMENTS INCLUDED THANKS AS WELL TO ALL DONORS AND PARTICIPATING STATES AND ORGANIZATIONS FOR SUPPORT.

3. ONLY MILDLY CRITICAL COMMENTS WERE AS FOLLOWS: NETHERLANDS CAUTIONED THAT DESPITE PROJECTED DEMAND FOR RELATIVELY LARGE POWER REACTORS, LDCS MIGHT BEST PROCEED WITH CAUTION AND INTRODUCE SMALLER REACTORS FIRST FOR TRAINING AND TO OBTAIN EXPERIENCE;

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TURKEY FELT THAT PROJECTED ENERGY REQUIREMENTS FOR LDC MIGHT BE

EXCESSIVE AND SUGGESTED PERIODIC REVISION IN LIGHT UPDATED PROJECTIONS MADE BY PARTICIPATING LDCS; JAMAICAN REP ARGUED THAT WHILE SURVEY ESTABLISHED DEMAND FOR POWER, IT FAILED TO DEMONSTRATE THAT NUCLEAR WAS MORE ECONOMICAL THAN CONVENTIONAL GENERATING CAPACITY AND SAID LDCS HAD MORE PRESSING ECONOMIC AND SOCIAL NEEDS THAN TO INVEST LARGE AMOUNTS OF CAPITAL IN NUCLEAR CAPACITY. FURTHER, PROJECTED POPULATION AND PER-CAPITA GNP GROWTH RATES (APPROXIMATELY 4 PERCENT) USED BY SURVEY WERE TOO OPTIMISTIC AND EXCEEDED EVEN TARGETS FOR DD II, WHICH WERE NOT YET BEING MET. FINALLY, TO CALL ON AGENCY TO CONTINUE TO ASSIST LDCS IN INTRODUCTION OF NUCLEAR POWER WAS TO PREJUDGE ISSUE; AGENCY SHOULD FIRST ASSIST LDCS IN DETERMINING WHETHER NUCLEAR POWER WAS FEASIBLE AND DESIRABLE ALTERNATIVE FOR THEM -- HE TOOK OFF ON THIS POINT TO ASK US TO PROVIDE FURTHER BACKGROUND ON SHUTDOWN OF SMALL POWER REACTOR IN PUERTO RICO (BONUS) AND SUGGESTED THAT AGENCY SHOULD BE CAREFUL LEST ADVANCED COUNTRIES USE LDCS AS PROVING GROUND FOR EXPENSIVE AND UNECONOMIC REACTOR DEVELOPMENT ACTIVITIES. US RESPONDED THAT BONUS REACTOR IN PUERTO RICO HAD BEEN JOINT VENTURE OF USAEC AND UTILITY, HAD INCLUDED CONSIDERABLE DEVELOPMENTAL TECHNOLOGY AND WHILE THIS PARTICULAR TECHNOLOGY HAD BEEN SHOWN TO BE UNECONOMIC AND REACTOR HAD BEEN SHUT DOWN, UTILITIES IN PUERTO RICO WERE NOW PROCEEDING WITH INTRODUCTION OF LARGER MODERN COMMERCIAL POWER REACTOR. PAKISTAN ALSO REPLIED THAT WHILE SITUATION OF EACH LDC DIFFERED, DESIRABILITY AND FEASIBILITY OF NUCLEAR OPTION HAD BEEN PROVEN IN MANY, AND HE DID NOT AGREE WITH JAMAICAN CONCLUSION THAT MATTER STILL REQUIRED ACROSS-THE-BOARD STUDY. COMMENT: JAMAICAN REP IS UN ORGANIZATION SPECIALIST OUT OF GENEVA AND WAS OBVIOUSLY NOT PARTICULARLY FAMILIAR WITH, OR PARTICULARLY INTERESTED IN, NUCLEAR ENERGY FIELD AS SUCH. END COMMENT.

4. ONE POINT AGREED ON BY MOST OF THOSE WHO SPOKE WAS NEED FOR AGENCY TO CONTINUE AND INTENSIFY DISCUSSIONS WITH INTERNATIONAL LENDING INSTITUTIONS, WHICH ARE IN POSITION TO PROVIDE CAPITAL FINANCING FOR NUCLEAR GENERATION CAPACITY. MANY LDCS AND SOME DONORS AS WELL NOTED THAT SURVEY REPORT PROVIDED USEFUL BASIS TO DISCUSS PAST TENDENCY OF IFIS TO DISCOUNT NUCLEAR IN FAVOR OF CONVENTIONAL SYSTEMS DUE TO HIGHER INITIAL CAPITAL COSTS WITHOUT REFERENCE TO PROBABLE LOWER OPERATING COSTS DUE TO RISING COSTS OF CONVENTIONAL FUELS. EGYPT TABLED LANGUAGE REFERRING TO FINANCING AS AMENDMENT TO DRAFT RES ON SUBJECT (SEE BELOW), AND EX-

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PLAINED FOR RECORD THAT THIS WAS INTENDED ONLY TO REFER TO NEED FOR DG TO ACTIVELY PURSUE DISCUSSIONS WITH IFIS, AS NOTED IN HIS STATEMENT TO PLENARY. WITH THIS UNDERSTANDING, COMMITTEE CONSENSUS ACCEPTED THIS LANGUAGE. COMMENT: THERE WAS CLEAR FEELING AMONG MEMBERS THAT MATTER OF CAPITAL FINANCING AND RELATIVELY NEGATIVE ATTITUDE OF IFIS TOWARD THIS QUESTION TO DATE REQUIRED FURTHER ATTENTION, AND OUR FEELING IS THAT THIS WILL BE HEARD OF A GOOD DEAL MORE IN NEAR FUTURE. END COMMENT.

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5. WITH ABOUT TWO HOURS NOTICE AND NO PRIOR DISCUSSION, EGYPT TABLED AMENDMENTS TO DRAFT RES PROVIDING FOR (A) STUDY OF DESALINATION IN SAME CONTEXT, (B) FURTHER STUDY OF ECONOMIC "THRESHOLD SIZE" OF VIABLE POWER REACTOR, AND (C) STUDY OF FINANCING OF NUCLEAR POWER PLANTS (SEE PARA 4 ABOVE RE FINAL POINT). AFTER CONSIDERABLE DISCUSSION AND DRAFTING PARTY, IT EMERGED THAT WHAT EGYPT REALLY REFERRING TO WAS (A) STUDY OF DUAL-USE DESALTING AND POWER PRODUCTION REACTORS AS ECONOMIC ALTERNATIVE WHERE APPROPRIATE, AND (B) SOME SINGLE ANSWER ABOUT SMALLEST SIZE OF ECONOMIC POWER REACTOR. EGYPTIAN SPECIFIED THAT HE NOT RPT NOT INTENDING PLACE IMMEDIATE DEMANDS ON AGENCY STAFFING WITH RESPECT TO DESALINATION POINT (ALTHOUGH SECRETARIAT POINTED OUT THAT FULL STUDY OF DUAL-USE PLANTS, IF DETAILED ENOUGH TO BE SUEFUL, WOULD AT SOME POINT CALL FOR MORE STAFF) BUT MERELY WANTED THIS GOTTEN INTO RECORD. FRG CONFIRMED UNDERSTANDING THAT THIS TO BE DONE WITHIN EXISTING PROGRAM PRIORITIES FOR NEXT TWO-THREE YEARS AND WITH SOME REFORMULATION POINT WAS INCLUDED IN RES. THERE WAS CONSIDERABLE DISCUSSION OF THRESHOLD SIZE OF VIABLE POWER REACTOR, WITH SEVERAL DELS POINTING OUT THAT THIS WAS HIGHLY LOCAL QUESTION FOR EACH PLANT AND EACH COUNTRY, BUT THAT STUDY HAD ADDRESSED THIS POINT TO EXTENT POSSIBLE. AGAIN, HOWEVER, COMMITTEE CONSENSUS LEFT POINT IN RES BASED ON RECORD OF DISCUSSION.

6. FURTHER AMENDMENTS WERE PROPOSED FROM FLOOR BY JAMAICAN REP, WHO OBTAINED REFERENCE TO ASSISTING LDCS IN STUDY OF WHETHER

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NUCLEAR POWER PRODUCTION OPTION WAS DESIRABLE AND FEASIBLE ALTERNATIVE, AS WELL AS ASSISTING THEM IN ITS INTRODUCTION. NEW ZEALAND PROPOSED THAT SPECIFIC REFERENCE TO "DEVELOPING" COUNTRIES BE DELETED FROM RES, SINCE SMALLER COUNTRIES NORMALLY CONSIDERED DEVELOPED (E.G., NEW ZEALAND) MIGHT FIND IT USEFUL AND ECONOMICALLY ADVANTAGEOUS TO PARTICIPATE IN AGENCY MARKET SURVEY MISSION, PERHAPS CONTRIBUTING TO DEFRAID EXPENSES, RATHER THAN GO IT ALONE. PAKISTAN AND SOME OTHER LDCS OBJECTED THAT WHILE THERE WAS POINT TO THIS, PRIMARY INTENT OF MARKET SURVEY HAD BEEN TO ASSIST LDCS. COMPROMISE FORMULATION LEFT PREAMBULAR REFERENCES TO DEVELOPING MEMBERS IN PARTICULAR, BUT OPERATIVE REFERENCE ONLY TO MEMBER STATES. RES THEN ACCEPTED BY CONSENSUS, AND APPROVAL BY PLENARY VIRTUALLY ASSURED. (FULL TEXT HAND-CARRIED BY KENT, IO/SCT).

7. ALTHOUGH RESOLUTION CONTAINED SOME REFERENCE TO CONTINUING SIMILAR ACTIVITIES THROUGH UPDATING INFORMATION ON 14 COUNTRIES SURVEYED AND PERFORMING SIMILAR SURVEYS IN OTHER COUNTRIES WHEN REQUESTED, THERE WAS RELATIVELY LITTLE DETAILED DISCUSSION OF OTHER FOLLOW-UP ACTIVITIES IN COMMITTEE, PERHAPS DUE TO LATENESS OF HOUR. PAKISTAN CALLED FOR ONGOING AGENCY PROGRAM TO ASSIST LDCS IN INTRODUCTION OF NUCLEAR POWER, WITH WHICH US ASSOCIATED ITSELF.

8. COMMENT: DISCUSSION WAS BASICALLY CORONATION OF SUCCESSFUL COMPLETION OF SURVEY. THERE WAS GENERAL AGREEMENT THAT SIMILAR ACTIVITY AND SOME SORT OF FOLLOW-ON ACTIVITIES MUST ENTER NORMAL AGENCY PROGRAM, AND THAT SURVEY EXPERTISE NOT BE ALLOWED TO DISSIPATE, BUT EXCEPT FOR QUESTION OF PURSUING DISCUSSIONS OF FINANCING WITH IFIS COMMITTEE RECORD GIVES RELATIVELY LITTLE DETAILED GUIDANCE TO SECRETARIAT AS TO WHAT SORT OF FOLLOW-UP IS DESIRED BY MEMBERS. THIS IS SUBJECT WHICH MISSION INTENDS GO INTO IN DISCUSSIONS WITH SECRETARIAT AND OTHER MISSIONS OVER NEXT FEW MONTHS, AND WE CAN EXPECT IT TO BE ADDRESSED IN SOME DETAIL DURING UPDATING OF AGENCY'S MEDIUM-TERM PROGRAM AND PREPARATION OF PROGRAM BUDGET FOR 1975, WHICH WILL BE GOING ON IN SECRETARIAT FROM NOW THROUGH NEXT MARCH. ANY ADDITIONAL GUIDANCE FROM DEPT., AEC, OR OTHER INTERESTED USG AGENCIES ON THIS SUBJECT WOULD BE MOST WELCOME. END COMMENT.TAPE

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